

FACT SHEET

September 18, 2017

Graham-Cassidy Would Repeal the ACA, Cut & Cap Medi-Cal **Much Bigger Federal Health Cuts Than Previous Proposals—Especially for California**

Republican Senators Lindsey Graham, Bill Cassidy, Dean Heller, and Ron Johnson are making a last-ditch effort to repeal the Affordable Care Act (ACA) before the budget reconciliation process expires on September 30, 2017. The Graham-Cassidy-Heller-Johnson (Graham-Cassidy) proposal will end funding for ACA's financial assistance for consumers and Medicaid expansion while also making devastating cuts to the overall Medicaid program amounting to a **staggering \$58 billion/year in cuts to Medi-Cal and California's budget in 2027 and beyond**. In addition, the proposal will allow states to waive important consumer protections and essential health benefits, undermine and eliminate protections for people with pre-existing conditions, and defund Planned Parenthood.

By 2026, the Graham-Cassidy proposal would cut \$80 billion/year in federal funding for states.¹ **California stands to lose nearly \$28 billion² annually by 2026**, which is a disproportionate share (35%) of the total \$80 billion federal funding cut. This cut is even more, in both dollars, and in percentage, than under previous ACA repeal proposals. Graham-Cassidy deliberately shifts resources from large, densely-populated states that embraced and implemented the ACA, to smaller, more sparsely-populated states that did not. States like California, New York, Maryland, and Massachusetts that were successful in enrolling millions of people in the marketplace and on Medicaid would face disproportionately larger cuts—intentionally and explicitly.

"These are the four states in order of how well they do [under the ACA]: Massachusetts, California, New York, and then Maryland... What you can do is redistribute this money that has been heaped upon these four ultra-blue, very wealthy states..."

*If California simply wants to expand Medicaid with this money, good luck. **They're going to have to cut their program dramatically** because they don't have the money with what they're funding now."*

- An author of Graham-Cassidy, former Senator Rick Santorum, [Breitbart News, August 22, 2017](#)

Eliminating ACA Marketplace Subsidies and Medicaid Expansion

Graham-Cassidy directly threatens coverage for the 14.1 million Californians who receive care through Medi-Cal (including the over 4 million of who became eligible for Medi-Cal through the expansion) and the 2.3 million who buy coverage in the individual market (1.5 million of whom are in Covered California). The proposal would ultimately eliminate all federal funding available under the ACA, including the Medicaid expansion and the federal tax subsidies worth \$5-6 billion annually to 1.2 million Covered California consumers.

While Graham-Cassidy is in many ways similar to other ACA repeal proposals that failed to pass the Senate, the primary difference is that this bill would replace funding for premium tax credits, cost-sharing reduction payments, and Medicaid expansion with insufficient block grants (until 2026, at which point they are eliminated altogether). Federal resources would be redistributed to states based on criteria that is unrelated to actual

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coverage and spending needs and in ways that favor Republican states. Between 2020 and 2026, Graham-Cassidy's block grants will shrink annually compared to current spending. **After 2026, the block grants would be completely eliminated, leaving no federal funding for California and other states' marketplaces subsidies and Medicaid expansions.**

Cutting & Capping Medicaid Coverage for Seniors, Children, Adults, & People with Disabilities

The Graham-Cassidy proposal fully incorporates the original Republican Senate proposal, Better Care Reconciliation Act (BCRA), which radically restructures Medicaid funding. Like the earlier BCRA, Graham-Cassidy would cap and cut Medicaid funding for seniors, children, adults and people with disabilities, resulting in an additional \$180 billion in Medicaid cuts over the next ten years.³ The CBO estimates Medicaid would be cut by over a quarter (26%) by 2026 and over a third (35%) by 2036.⁴ Currently, the federal government matches every dollar that California spends on Medi-Cal. The per capita caps proposal would undo this federal guarantee (which has been in place for 50 years) and shift the responsibility for 100% of the costs above the per-beneficiary cap back to the state. On top of the ACA subsidy and Medicaid expansion cut, the per capita caps would cost California another \$11.3 billion in 2027.⁵ It would also not account or adjust for increasing health care costs, an aging population, or other public health emergencies.

In order to make up for the cuts of this magnitude, California would need to eliminate all state funding for higher education, state parks, and corrections systems—combined. Making the cuts solely on the health care side would require cutting eligibility by as much as a third, eliminating benefits such as In-Home Supportive Services, or reducing already inadequate provider rates.

Graham-Cassidy: Devastating to California's Health Care System and State Budget

In California, the structural impacts of eliminating marketplace subsidies and Medicaid expansion funding, as well as changing Medicaid federal funding into a per capita caps, would result in a **federal cut to California of over \$28 billion annually by 2026.**⁶ By 2027, California would be cut **\$58 billion annually** as a result of the block grant expiring and the Medicaid per capita caps growing larger.⁷ While the Graham-Cassidy proposal has been portrayed as a "compromise" between various Republican factions, it will be even more devastating than the Republican House's "American Health Care Act" or the Senate's "Better Care Reconciliation Act." The Graham-Cassidy proposal would mean at least 32 million Americans and at least 5 million Californians lose health coverage, an undermining of key protections for those with pre-existing conditions, and forcing consumers to pay more for their health care while getting less coverage.

¹ Center on Budget and Policy Priorities, Jacob Leibenluft, Edwin Park, Matt Broaddus, and Aviva Aron-Dine, [Like Other ACA Repeal Bills, Cassidy-Graham Would Add Millions to Uninsured, Destabilize Individual Market](#), September 13, 2017.

² Ibid.

³ Congressional Budget Office, H.R. 1628 Better Care Reconciliation Act of 2017 Cost Estimate, June 26, 2017.

⁴ Ibid.

⁵ CA DHCS and DOF, [Summary and Preliminary Fiscal Analysis of the Medicaid Provisions in the Better Care Reconciliation Act](#), June 27, 2017.

⁶ Center on Budget and Policy Priorities, Jacob Leibenluft, Edwin Park, Matt Broaddus, and Aviva Aron-Dine, [Like Other ACA Repeal Bills, Cassidy-Graham Would Add Millions to Uninsured, Destabilize Individual Market](#), September 13, 2017.

⁷ Center on Budget and Policy Priorities, Edwin Park and Matt Broaddus, [Cassidy-Graham Plan's Damaging Cuts to Health Care Funding Would Grow Dramatically in 2027](#), September 16, 2017.